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UNITED STATES DEPARTMENT OF AGRICULTURE  
Agricultural Research Administration  
Bureau of Agricultural and Industrial Chemistry  
Washington 25, D. C.

February 28, 1950

BUREAU MEMORANDUM No. 420

RESPONSIBILITIES OF THE BUSINESS MANAGER  
IN THE DEVELOPMENT AND NEGOTIATION OF RESEARCH CONTRACTS

The Director of the Regional Research Laboratory, who is also directly responsible for all activities of the Bureau within his region, is, of course, the Bureau officer responsible for determination of research contracts affecting work of his region, not only for recommending such contracts to the Chief of Bureau, but also for the prosecution of such contracts and their fulfilment. Recognizing this basic fact, there are certain responsibilities with relation to research contracts on which reliance must be had in the Bureau's Business Manager of the region. As indicated in the title hereof, it is for this purpose that this Bureau Memorandum is issued.

- (1) The approval by the Chief of Bureau of the Regional Laboratory Director's recommendation for engaging in the research contract is the first step in the development of the Research and Marketing Act Research Contract. In discussions concerning the proposed contract between the Director of the Laboratory, the Division Head concerned, and any other members of the technical staff whom the Director designates, the Business Manager shall be included so that he may be informed as to the nature of the work which is to be undertaken and as to the subject matter specialist selected.
- (2) In order to assure that there will be no embarrassment at a later stage in the development of the research contract the Business Manager will at this point assure himself that the contract proposal is already covered by an approved line project, or if not, that such a line project is being actively prepared.
- (3) The Business Manager will also assure himself that funds are available under the specific line project concerned and will enter an obligation against that project in the amount tentatively established by the Bureau as available for the proposed research contract. The foregoing, of course, presupposes that the appropriations have been made and allotments established. Where research contract proposals are being considered in advance of the fiscal year from which funds are contemplated to be available,



the Business Manager will take such steps as are necessary to earmark these amounts to assure that the first claim upon these anticipated funds will be the proposed research contract.

(4) When the subject matter specialist has been designated for the purpose of the development of the contract, he should meet with the Director, Business Manager, and members of the technical staff concerned to review the general situation with respect to the contract and to establish the broad lines of the work to be undertaken.

(5) After this meeting the subject matter specialist should analyze the proposed plan of work and make a determination as to possible contractors. This list of prospective contractors will then be reviewed with the Business Manager and, of course, with the Director before any action is taken.

(6) The list should be reduced to include only those which are potentially satisfactory contractors (the elimination of organizations at this point would presumably be based largely on knowledge which other members of the technical staff of the Laboratory and others would have as to the qualifications and facilities of the various parties to do the work proposed, and there will be, of course, a record retained of the reasons for the elimination of these possible contractors).

(7) The subject matter specialist will make the initial contact with all potential contractors to determine if possible which organization is best fitted to carry out the contract. The recommendation of the subject matter specialist will be reviewed by the Laboratory Director at a meeting at which the Business Manager is included. Although in making the determination as to the contractor to be selected, the organization offering the lowest estimated cost on the basis of the information furnished by the subject matter specialist in his initial contact is not necessarily or even presumptively the contractor (this determination should be made on the basis of the technical qualifications and peculiar advantages offered by the organization to be recommended for selection), the Business Manager should, of course, be fully convinced and able to support the basis on which the successful contractor has been determined. The written justification supporting this decision will be prepared by the subject matter specialist and the Business Manager.

(8) At this point the contract negotiations become the responsibility of the Business Manager in a special way.

(9) The subject matter specialist and the Business Manager may well go together for the purpose of holding the first discussion as to the terms of the contract with the organization selected. The primary purpose of this first discussion, however, is the determination as to the adequacy of the technical provisions of the contract rather than the detailed fiscal determinations and therefore this first discussion is basically the responsibility of the subject matter specialist. However, it is quite possible that the fiscal matters involved can be clarified or even tentatively



determined at this discussion. After discussion of the technical and fiscal details the contract will be drafted by the subject matter specialist with the guidance and assistance of the Business Manager.

(10) The draft of the proposed contract will be then submitted by the Business Manager to the contractor for his review. It should, of course, be pointed out to the contractor that this draft is purely preliminary and will require approval in Washington. Upon return of the draft from the proposed contractor any changes proposed should be carefully considered by the subject matter specialist and the Business Manager and, after approval by Regional Laboratory Director, such further correspondence or discussions entered into as the Business Manager finds necessary to achieve a document which is acceptable.

(11) When the Business Manager is satisfied with the draft of the proposed contract, from the standpoint of the fiscal and other nontechnical features, and the Director of the Regional Research Laboratory has indicated his approval, the original and two copies should be forwarded to Washington for preliminary clearance in the Bureau, the Office of the Solicitor, Budget and Finance, and other offices of the Department. At this time there should also be submitted such information and data as the Business Manager deems necessary to provide the Bureau and Department with a complete picture of the circumstances which necessitated the inclusion of special provisions in the contract or which should be considered by those offices giving preliminary clearance to the contract.

(12) The approved draft will be returned to the Laboratory and the necessary copies made and submitted to the contractor for signature.

(13) Six copies of the signed contract will then be forwarded to the Washington office of the Bureau for final clearance and signature together with a memorandum addressed to the Administrator, Agricultural Research Administration for signature by Chief of Bureau which should include:

- A. A recommendation for the approval of the designation of the contracting officer's representatives (this would normally be the previously designated subject matter specialist).
- B. A full explanation of the reasons for the selection of the contractor.
- C. A certification that the contract price is just and reasonable, together with the data on which this certification is based. This will include a breakdown of the contract amount which should contain but not necessarily limited to such elements as:

- (1) Direct salaries
- (2) Supervisory and other indirect salaries
- (3) Special equipment required
- (4) Special supplies
- (5) Travel and communications
- (6) Overhead, including such items as the following:



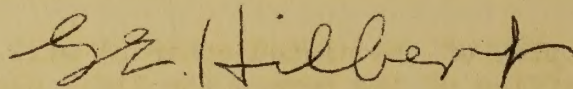
Rent, electricity, insurance, amortization  
Office services and supplies  
Library services and supplies  
Ordinary laboratory supplies (chemicals & glassware)  
Shopwork and maintenance

(7) Profit (where applicable)

(14) In addition, there should be furnished for the information of the Washington Office a summary statement of the considerations given in the selection of the contractor. This statement should include:

- A. The names of all organizations considered in connection with the contract.
- B. A statement of the reasons for the selection of the contractor.
- C. A statement giving the basis for rejection of the other organizations considered.

This delegation of authority and assignment of responsibility to the Business Manager will require that the Business Manager exercise the most critical care in the preparation of the contract and accompanying justification statement to the end that it will be unnecessary for the Assistant Chief of Bureau for Administration to redraft these several statements. Recognition of this necessity for precise and adequate presentation of these documents is imperative if this delegation of authority is to fulfill its purpose.



G. E. Hilbert  
Chief of Bureau

